

## JPMorgan Chase & Co. (JPM) 10-29-09

JPM is one of the world's largest financial institutions which operates in six different business segments; Investment Banking, Commercial Banking, Treasury and Security Services, Asset Management, Retail Financial Services, and Card Services. Recently JPM has completed M&A deals with Bear Stearns and Washington Mutual in response to the economic crisis. JPM was founded in 1823 and headquartered in New York, New York.

Current Price	\$44.35
52 Week High	\$47.47
52 Week Low	\$14.96
One Yr Target	\$54.00
Market Cap (in billions)	\$168.00
P/E (Trailing)	28.25
P/E(1 Yr Forward)	13.21
P/E/G	1.65
ROA	0.36%
ROE	3.20%
EPS	\$1.57
Beta	1.82
Annualized Dividend	\$0.20
Dividend Yield	0.45%
Analyst Consensus	2.10
Debt to Equity	12.10



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**Annual EPS**

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2005	\$2.37	
2006	\$3.94	66.56%
2007	\$4.56	15.72%
2008	\$0.99	-78.28%
2009E	\$1.57	58.43%

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**Annual Revenue (in millions)**

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2005	\$45,075.00	
2006	\$59,107.00	31.13%
2007	\$71,387.00	20.78%
2008	\$73,018.00	2.28%

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**Annual Net Income (in millions)**

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2005	\$8,254.00	
2006	\$13,649.00	65.36%
2007	\$15,365.00	12.57%
2008	\$3,699.00	-75.93%

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**Free Cash Flows (in millions)**

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2005	-\$30,236.00	
2006	-\$49,579.00	-63.97%
2007	-\$110,560.00	-123.00%
2008	\$23,098.00	120.89%

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**Required Rate of Return**

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15.49%

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**Dividend Growth Model**

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Present Value of 2014 Price	\$1.21
Holding Period Return (5 years)	-38.12%

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**Expected Annualized Return Model**

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Present Value of 2014 Price	\$85.29
Holding Period Return (5 years)	13.48%

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**Residual Income Model**

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Intrinsic Stock Price	\$101.00
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# Analysis

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## Positives

Solid financial numbers and good values from the RI and EAR valuation models

## Negatives

## Financial Statements

Balance Sheet is good with nice growth in Total Deposits, Net Loans, and Retained Earnings

Income Statement has been somewhat flat recently, with large Loan Loss provisions hurting

Cash Flows are good with no recorded Capital Expenditures, but have recently issues more Debt

## Industry Analysis

Company is the largest in its respective industry

Company's financial ratios are generally better than industry averages

## Summary

JPM is a solid financial institution that has large and varied operations all over the world and brings diversification of the financial sector with its stock. Its financial numbers are solid, though having been beaten down by the recent economic conditions. Financial statements are strong despite the economy, with JPM attracting more deposits and loans than some of its competitors. JPM is a somewhat aggressive bank, which was certainly hit by mortgage backed security write downs, but that should play in its favor going forward. It is a strong player in the M&A area and its trading floor has recently produced some great results. JPM should be a safe bet to see increased gains in its stock price and that earns it a **buy** rating.